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8 June 1988

MEMORANDUM FOR:

FROM:

SUBJECT: Issues

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In lieu of the fact that Finance has a recurring problem with a debit balance in its Accounts Payable due to the payment for goods purchased via "FAST PAY", and in lieu of the fact that the proposed "new" system to be implemented - CULLINET - has limited matching capabilities, the Accounts Payable team wishes to raise the following issues to be resolved between Finance and Logistics, with the resolutions DOCUMENTED by joint Finance-Logistics notice(s). It is suggested that resolution of these issues take place in a timely manner (before the July receipt of the 1.3 Cullinet software).

The following matching capabilities are incorporated in the new Cullinet software:

1) ONE-WAY - Invoice may be paid with no matching requirements. It is the understanding of the Accounts Payable team that funds will be obligated at the time of payment. There is no requirement for a requisition or purchase order/contract. It is envisioned that this capability will be utilized for payments for STA Freight Transportation, New York Procurement activity, Gasoline Credit Cards, C&P Telephone bills, and payments which are currently initiated via the VMCP system.

The emphasis here, for FINANCE TO CONSIDER, is that FUNDS WILL NOT BE OBLIGATED at the beginning of the year, but at the time of the expense. Should it be desirable to obligate funds in total at the beginning of the year for these expenditures - then, at the present

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time, it appears that some type of requisitioning and procurement activity would have to take place to obtain a full obligation of funds.

2) TWO-WAY - Invoice is matched to the purchase order/contract for payment - equivalent to "FAST-PAY" today. No receiving input is required for payment.

At this time, the Accounts Payable team wishes to raise the issue of "Certificate of Conformance" which, in essence, is another way of saying "Fast Pay", with the vendor required by terminology in the purchase order/contract to send a "certificate of conformance" with the invoice.

"Certificate of Conformance", in essence, places the additional burden of "police action" on the payment auditor for checking to ensure that the certificate does, in fact, accompany the invoice, and if it does not, the auditor is burdened with the additional responsibility of suspending the invoice and returning it to the vendor. Remember, the auditor must, within 15 days of receipt of the invoice as required by PROMPT PAY, notify the vendor that the invoice is improper. After all this, the auditor is then faced with a barrage of telephone inquiries as to the status of that invoice for payment.

RESOLUTION: Accounts Payable requests that "Certificate of Conformance" be abolished and not be carried forward into the new system. Let's direct our resources toward payment, not policing.

3) THREE - WAY - Invoice is matched to purchase order/contract and receiving.

If "FAST-PAY" were abolished and receiving required, the debit Accounts Payable problem would be resolved. However, management must furnish resources and paperwork must flow in a timely manner to facilitate timely and accurate input of data into the system. Otherwise, invoices simply would not get paid.

4) FOUR - WAY - Invoice is matched to purchase order/contract, receiving, and inspection. Again, management must provide resources, and paperwork must flow in timely fashion to facilitate timely, accurate input of information into the system. Otherwise, invoices simply would not

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get paid.

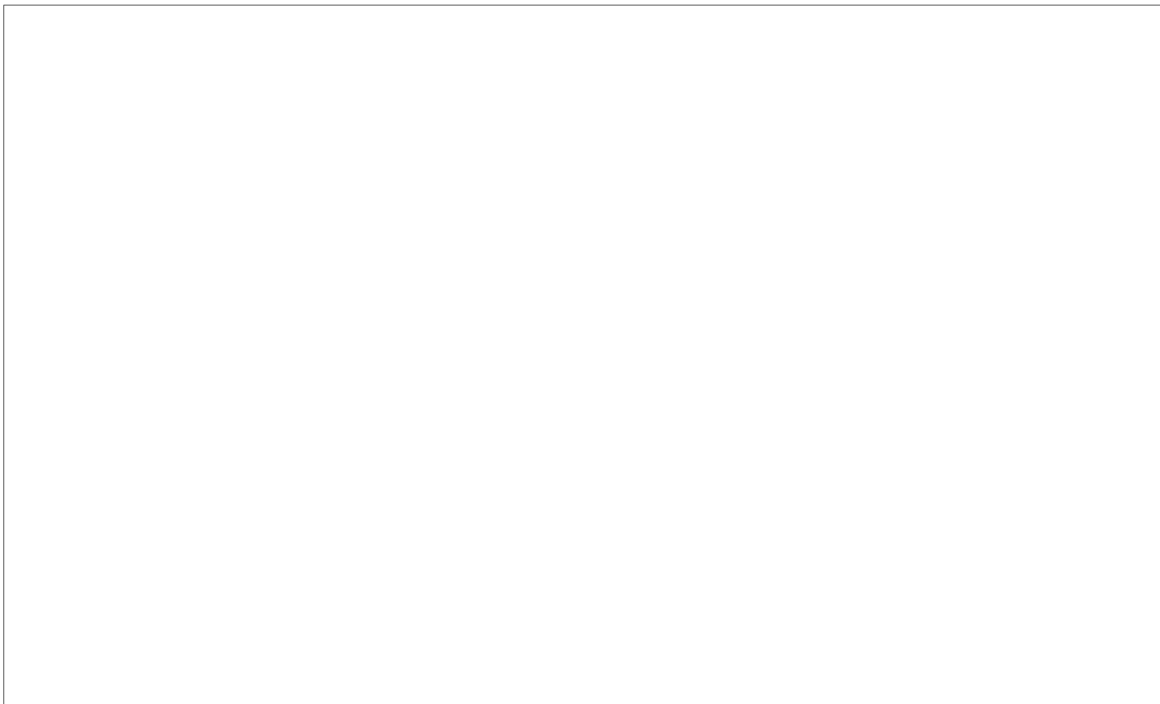
Other issues to surface, in this regard,  
are the "Messenger Pick-Up" payments and the  
[redacted] purchase orders/contracts.

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A) Messenger Pick-Up payments: In the current system, the address indicator on purchase orders/contracts is input as "MP-(may be numbers 1 thru 9, I believe), i.e, "MP-1". This, in essence, places the payment auditor in the role of policing again, as the auditor must scrutinize all payments schedules coming out of the system and stamp (with rubber stamp) the words "messenger pick-up" beside those payments. This ensures that the Office of Finance Monetary Division personnel personally picks out those particular checks and returns them to Audit and Certification Division. Personnel in Audit and Certification Division must then contact someone in Logistics to pick up and sign for those checks. The Logistics person must then either mail out those checks or contact the vendor to pick them up.

RESOLUTION: Accounts Payable feel that this is an antiquated procedure in this age of electronic payments. It also is not cost-effective when one considers the additional burden of "policing" and time required of resources (man-hours) to process these "Messenger Pick-up" check payments. Accounts Payable requests the "Messenger Pick-up" be abolished in the new system.

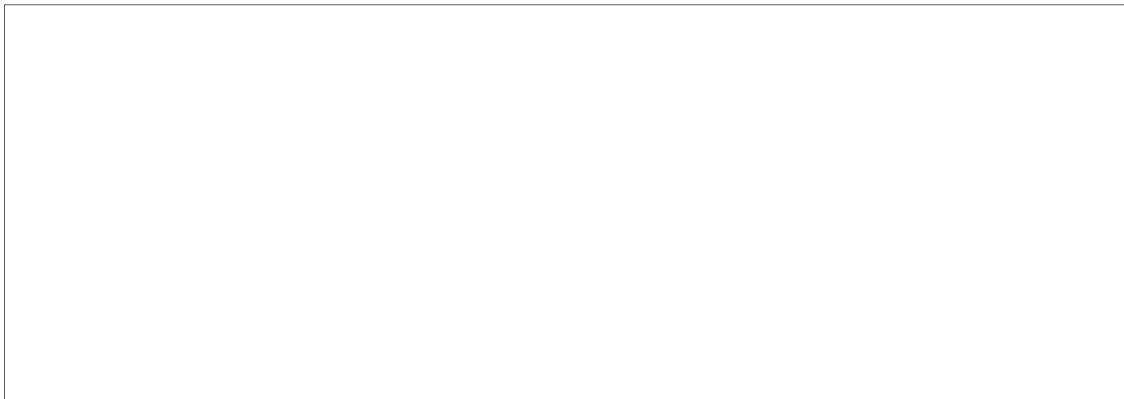
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LET'S LOOK TO THE FUTURE, and UTILIZE OUR  
RESOURCES IN A MORE EFFECTIVE, EFFICIENT MANNER.



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